

Joint Legislative Audit and Review Commission

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Introduction

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Virginia Housing Development Authority

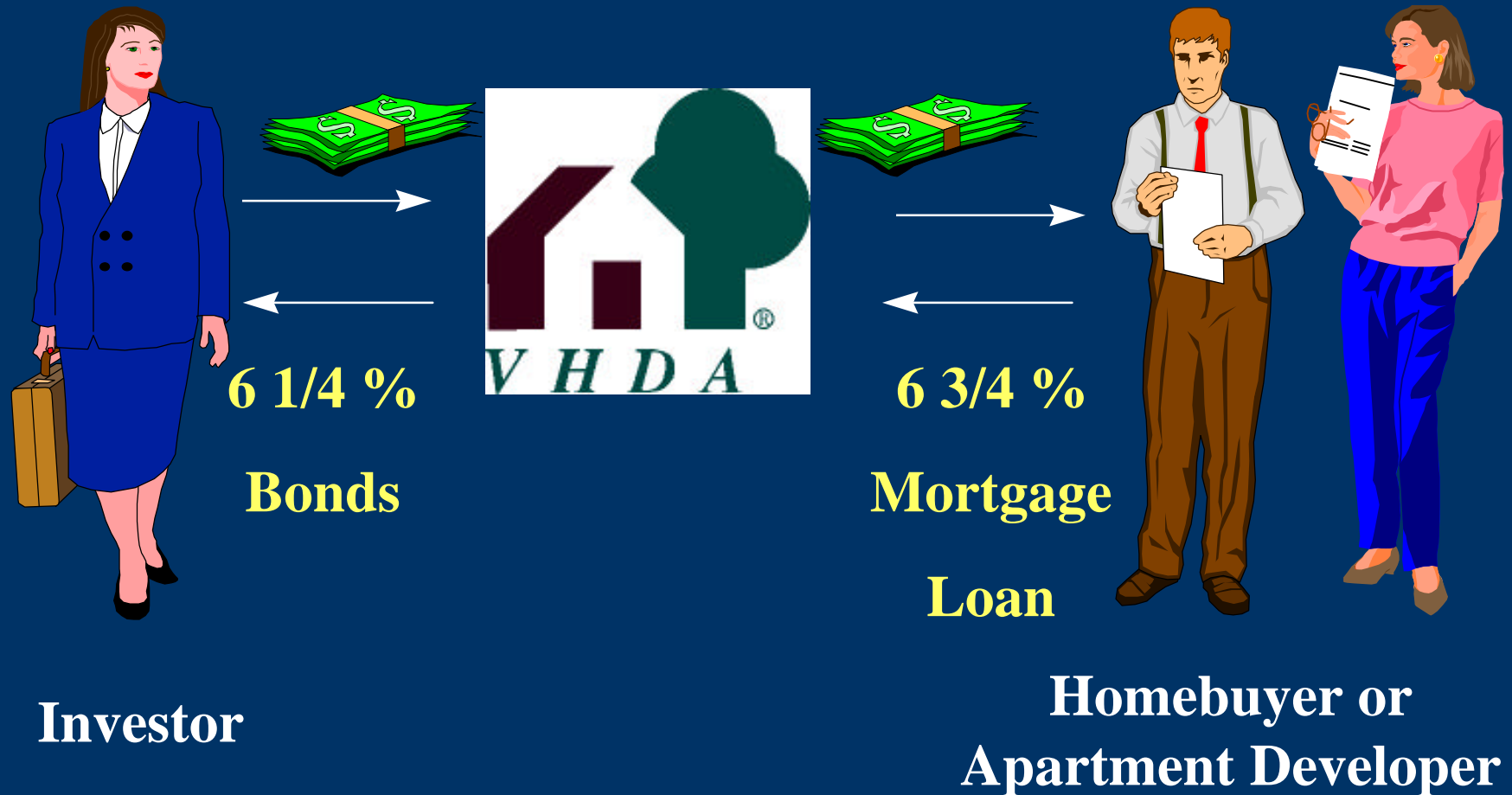
“VHDA Is Financially Strong and Well Managed”

“VHDA has impressive financial strength and is generally well managed.”

“VHDA has achieved a strong financial position through its bond and loan management and currently is one of the top-rated housing finance agencies in the country, receiving AA+ and Aa1 general obligation bond ratings from Standard and Poor’s and Moody’s Investors Services, respectively.”

“The authority generally has a professional and competent staff that effectively manages and implements its programs.”

VHDA: A Financial Intermediary



VHDA Is Fully Committed to Addressing JLARC Issues

1.

Optimize Financial Resources

2.

Serve Right Balance of Citizens

3.

Use Section 8 Subsidies

Optimize Financial Resources

General Obligation Rating Agency Comparisons

Housing Finance Agency	Moody's	S&P
Virginia	Aa1	AA+
California	Aa3	AA-
Florida	A2	A
Massachusetts	A2	A
Michigan		AA-
Minnesota	Aa1	AA
New Jersey		AA-
Pennsylvania		AA
West Virginia	Aaa	AA+
Wisconsin	Aa3	AA-

HFAs Attract Bond Investments

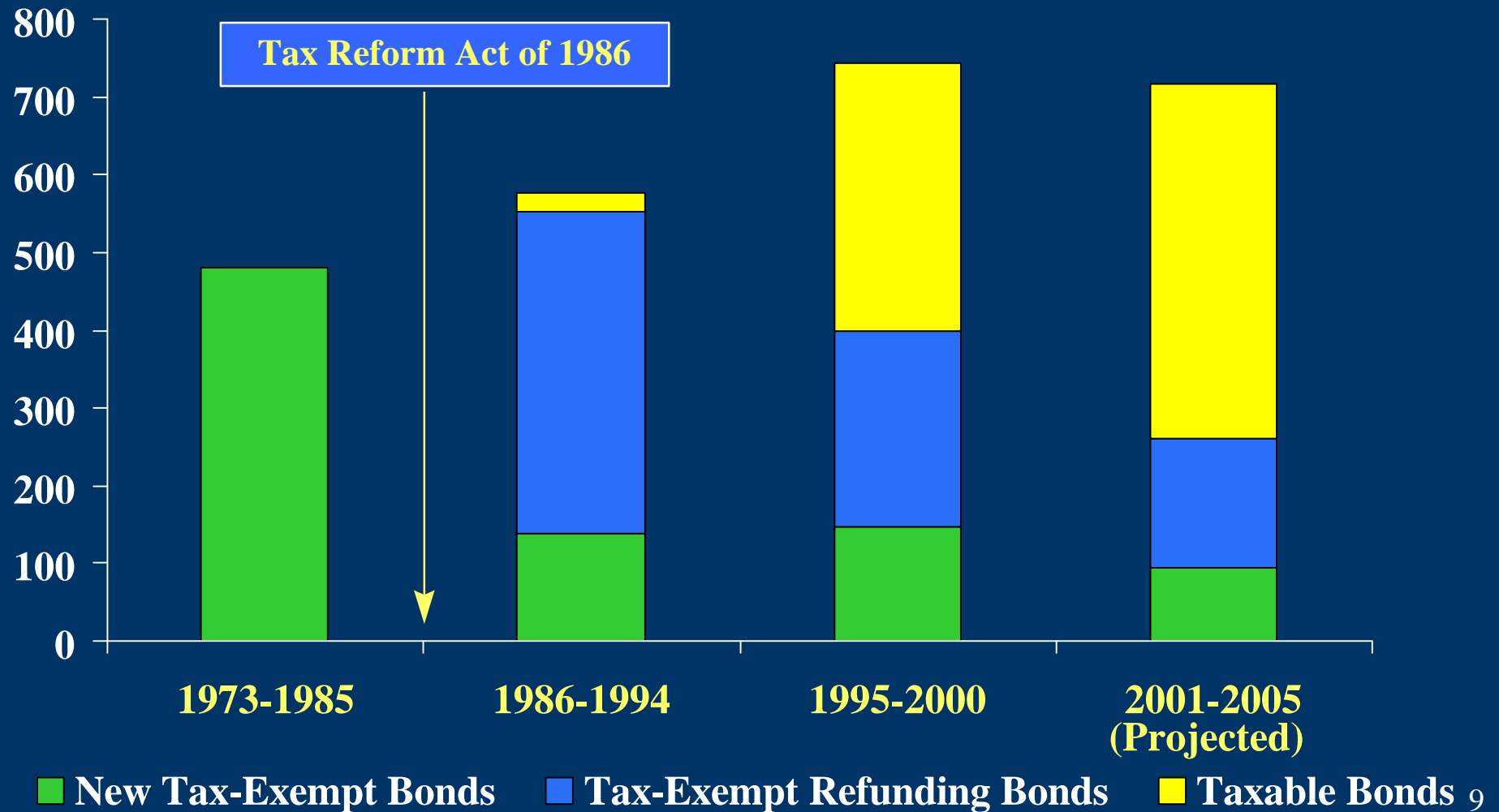
Dollars in Thousands



Financing Challenge

Average Annual Total Bond Issuance

1999 Dollars in Millions



Resource Allocation Study

- **Tax-exempt and taxable bond policy**
- **Virginia Housing Fund contribution**
- **Housing and Community Development and Housing Study Commission consultation**
- **Stakeholders, Board of Commissioners, consultant interaction**

Serve Right Balance of Citizens

VHDA's Communities of Stakeholders

Governor	Low and Moderate Income Persons in Need of Housing	Secretary of Commerce and Trade
General Assembly Members	Investment Bankers	Dept. of HCD
Board of Commissioners	Bond Holders	Dept. of Social Services
Citizens of the Commonwealth	Bond Underwriters	Dept. of MHMRSAS
Bond Counsel	First Time Home Buyers	Dept. of Aging
Rating Agencies	Homeowners	Housing Study Commission
Fannie Mae and Freddie Mac	Renter Households	County Boards
Federal Home Loan Bank of Atlanta	Large Commercial Bankers	City Councils
Mortgage Insurers	Small Community Bankers	Social Services Depts.
Neighborhood Organizations	Mortgage Bankers	Housing Authorities
Support Services Providers	Mortgage Insurers	Federal Government
Advocacy Organizations	Closing Attorneys	Virginia Congressional Delegation
HUD/FHA/VA	Appraisers	Property Owners and Managers
RHS	Mortgage Brokers	
Builders and Developers	Realtors	
Housing Comm. Dev. Depts.		

Persons Served

- **86% of our home ownership loans are made to persons at or below 80% of statewide median income**
- **79% of the households in rental housing programs have incomes at or below 60% of median income**

New Products and Program Changes

Home Ownership

- **Blemished credit loan program**
- **Home purchase/rehabilitation program**
- **Emergency assistance loans**
- **Taxable bond financed step rate loans**
- **Minorities and new immigrants outreach**

Rental Housing

- **Preference for lower rents and income limits in tax credit allocation plan and the Virginia Housing Fund**
- **Virginia Foundation for Housing Preservation**

Housing Needs Assessment

- **Secretary of Commerce and Trade initiation and direction**
- **Statewide housing needs assessment**
- **Housing and Community Development Partnership**

Use Section 8 Subsidies

Section 8 Subsidies - Administration

- **Abt Associates comprehensive program review**
- **Program restructuring and streamlining recommendations**
- **Local agent statewide meetings**

Section 8 Subsidies - Administration

- **Implement “streamlined central office” model**
- **Transfer subsidy for units to requesting local agents**
- **Improve automation**
- **Examine fee structure**
- **Develop agent training program**

Ongoing Planning

VHDA Will Continue to Address the Commonwealth's Housing Needs By:

- **Optimizing use of limited tax-exempt bond authority and federal subsidies**
- **Issuing taxable bonds under favorable terms and conditions**
- **Building collaborative partnerships with public and private entities**
- **Developing innovative loan programs that meet credit needs of low and moderate income Virginians**

Strategic Issues Addressed by VHDA Board of Commissioners

- **Optimizing use of VHDA's tax-exempt bond allocation**
- **Blending of tax-exempt bonds with taxable bonds**
- **Identifying income levels, household composition and unmet housing needs for home ownership programs**
- **Directing resources to automate and streamline Section 8**
- **Targeting the Virginia Housing Fund**

VHDA Is Fully Committed to Addressing JLARC Issues

1.

Optimize Financial Resources

- Resource Allocation Study

2.

Serve Right Balance of Citizens

- Increased stakeholder involvement
- New programs and program changes
- Housing Needs Assessment

3.

Use Section 8 Subsidies

- Section 8 Program initiatives

Questions/Discussion
